

# **EXHIBIT 30**

**DECLARATION OF DAVID J. GRAY**

I, David J. Gray, declare as follows:

1. I am the Interim Senior Vice Chancellor and Chief Financial Officer at Washington University in St. Louis (“Washington University”). I have held that position since August 2024. I also hold the position of Senior Advisor with Huron Consulting. I came to these roles with extensive experience in higher education finance, having served as Senior Vice President for Finance and Business/Treasurer at The Pennsylvania State University and Senior Vice President for Administration, Finance and Information Technology at the University of Massachusetts.

2. As Interim Senior Vice Chancellor for Finance, I have personal knowledge of the contents of this declaration, or have knowledge of the matters based on my review of information and records gathered by Washington University personnel, and could testify thereto.

3. Washington University receives substantial annual funding from the National Institutes of Health (“NIH”). During the period July 1, 2024 through December 31, 2024, Washington University received \$267.38M in NIH funding. NIH funding to Washington University for FY24 totaled \$532.29M.

4. The funding that Washington University receives from NIH supports critical and cutting-edge medical research, which millions of Americans benefit from and depend on. For example:

a. Washington University is a leader in microbiome research, defining the role of gut microbiota in the development and potential treatment of childhood nutrition and in understanding how the microbiome influences other chronic diseases like inflammatory bowel disease and neurodegenerative disease.

- b. Washington University conducts ground-breaking research in emerging pathogens. This work provides important information that is critical for developing prophylactic measures and therapies to prevent another health pandemic and resulting loss of life.
- c. Investigators at Washington University conduct research on Alzheimer's disease and other neurogenerative disease. This work will lead to improved diagnosis and care for persons with these diseases. Washington University's studies have led to new diagnostics for the early diagnosis of Alzheimer's disease. Washington University conducts large studies to identify new therapies for patients with Alzheimer's disease.
- d. Washington University has been an important contributor to the development of cell and individualized antibody therapies to treat human cancer. These therapies have provided treatments to patients with previously untreatable cancers that have eliminated their cancer or significantly expanded their lifespan and improved their quality of life.
- e. Washington University's theranostics research has developed targeted radiopharmaceuticals for diagnosis and treatment of multiple diseases. This research has improved the therapy of multiple cancers.
- f. Washington University has a strong focus on using large databases for precision medicine. Novel work in artificial intelligence ("AI") is critical to this effort. The ability to mine large datasets will improve our ability to make new observations about human disease without the need for human subject research.

5. Indirect costs are essential for supporting this research. The NIH's proposal to cut indirect cost rates to 15% would end or seriously jeopardize all of the research projects described in paragraph 4.

6. Indirect costs include constructing and maintaining state-of-the-art facilities necessary to meet the technical requirements of advanced biomedical research. Without these facilities and the equipment they support, we cannot conduct the research.

7. For example, with respect to the areas of research described in Paragraph 4:

- a. Microbiome scientists rely on gnotobiotic facilities to perform crucial proof-of-concept studies to help develop new therapies.
- b. Investigation of emerging pathogens requires BSL3 labs. Those sophisticated labs are equipped with hoods, incubators, -80 freezers, centrifuges, and dedicated advanced microscopy.
- c. Work in neurogenerative disease requires a large number of mass spectrometers to perform stable isotope labelling kinetic measurements in humans to determine the kinetics of proteins that contribute to neurodegeneration. These investigators also heavily use cryoelectron microscopy to define the structures of proteins involved in the pathogenesis of degenerative diseases.
- d. Work in developing cell and antibody therapies requires a Good Manufacturing Practices (“GMP”) facility. This facility requires equipment to grow cells in culture, chromatography machines to purify antibodies, sorters to purify culture cells, and electroporators to modify cells.
- e. Our work in theranostics research requires sophisticated imaging systems and the availability of a GMP facility.

f. Our work in genomics, imaging, medical informatics, and AI require high-performing computing and application support.

8. Physical space costs are one of the largest components of indirect costs, and the amount of space available to researchers has a direct and obvious impact on the amount of research that can be done at Washington University. For example, Washington University recently opened one of the largest neuroscience research buildings in the world. This building is designed to foster collaboration amongst approximately 120 research teams working on neurodegenerative diseases such as Alzheimer's, Parkinson's and Huntington's diseases. Construction of this research-exclusive building was undertaken with the express understanding that the debt service would be covered, in part, by continued receipt of indirect cost recovery from federal grants. The university also recently opened BSL3 labs, for research on emerging pathogens, with the same understanding. To maintain the debt service on these critical facilities in the face of the deficit created by a 15% indirect cost rate, Washington University will have to consider closing other important facilities such as the NIH-funded Gnotobiotics facility, referenced in paragraph 7c above.

9. In addition, indirect costs fund the administration of awards, including staff who ensure compliance with a vast number of regulatory mandates from agencies such as NIH.<sup>1</sup> These mandates serve many important functions, including protecting human and animal subjects involved in research; ensuring research integrity; properly managing and disposing of chemical and biological agents used in research; preventing financial conflicts of interest; managing funds in accordance with federal law; preventing intellectual property, technologies, or national security expertise from being inappropriately accessed by foreign adversaries; and providing the high level of cybersecurity, data storage, and computing environments mandated for regulated data.

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<sup>1</sup> <https://grants.nih.gov/grants/policy/nihgps/nihgps.pdf>

10. Recovery of Washington University's indirect costs is based on predetermined rates that have been contractually negotiated with the federal government and are subject to audit.

11. Through fiscal year 2025, the predetermined indirect cost rates are 55.5% for Washington University.

12. The impact of a reduction in the indirect cost rate would be devastating. In the worst case, if applied to Washington University's entire federal grant portfolio, which was \$374.44 million between July 1, 2024 through December 31, 2024, approximately \$252.25 million was allocated for direct costs, and \$122.19 for million for indirect costs. If, during that period, Washington University's indirect cost recovery had been capped at 15%, that recovery would have been limited to \$35.19 million, a difference of \$87 million, approximately \$14.5 million per month. NIH grants represented approximately 70% of Washington University's grant portfolio during that period.

13. This reduction will have deeply damaging effects on Washington University's ability to conduct research from day one. It will necessarily and immediately require the university to revamp its present FY25 budget and its budget in preparation for FY26. As the university's leadership engages in this effort, it will be necessary to consider significant changes with impact on the research enterprise, the employees who help support that enterprise, and the dollars that flow into our St. Louis community through salaries and procurement. Changes under consideration include suspension of capital projects, hiring freezes for faculty and staff, reduced ability to support graduate students who work to serve as the next generation of scientists, reduction or elimination of merit-based salary increases, reduced scope for investment of research infrastructure, and greater than normal tuition rate increases.

14. Washington University may also have to consider staffing reductions, which could compromise our ability to adequately staff vital compliance functions, such as Environmental Health and Safety, Human Research Protection Office and Institutional Review Board, Office of Sponsored Research Services and Sponsored Projects Accounting, Office of Research Integrity and Ethics, and the Joint Research Contracting Office.

15. Washington University has for decades relied on the payment of indirect costs. And until now, we have been able to rely on the well-established process for negotiating indirect cost rates with the government to inform our budgeting and planning. Operating budgets rely on an estimate of both direct and indirect sponsored funding to plan for annual staffing needs (*e.g.*, post-docs, PhD students, and other research staff), infrastructure support (*e.g.*, IT networks, regulatory compliance, and grant management support), and facility and equipment purchases. And in some cases, Washington University has long-term obligations—for example, such as admitted PhD students—and it relies on budgeted grant funding, including associated indirect cost recovery, to fulfill these commitments.

16. In addition to the immediate impacts and reliance interests described above, there are longer term impacts that are both cumulative and cascading. For example, as a National Cancer Center, the Siteman Cancer Center at Washington University offers the expertise of 600 Washington University research scientists and physicians to approximately 75,000 people a year, including 12,000 newly diagnosed patients. Scientists and physicians affiliated with Siteman hold more than \$180 million annually in basic and clinical oncology grants. The results of basic laboratory research are rapidly incorporated into treatment advances and patients at Siteman have access to 700 therapeutic clinical trials. Siteman also pursues an active outreach program of cancer screening and education, which reaches tens of thousands of individuals annually throughout the

St. Louis region. The loss of resources occasioned by a dramatic cut in the indirect cost rate would cause the program to scale back the scope of these valuable lifesaving services.

17. Finally, slowdowns or halts in research by Washington University and other American universities will allow competitor nations that are maintaining their investments in research to surpass the United States on this front, threatening both our Nation's national security and its economic dominance.

18. Nor can Washington University cover the funding gap itself. While the university maintains an endowment, it is neither feasible nor sustainable for the university to use endowment funds or other revenue sources to offset shortfalls in indirect cost recovery, for several reasons:

- a. The majority of Washington University's endowment—around 63%—is restricted to specific donor-designated purposes, such as scholarships, faculty chairs, and academic programs, and 55% of the endowment is permanently restricted. Washington University is not legally permitted to use those funds to cover research infrastructure costs.
- b. Even the portion of the endowment that is unrestricted is subject to a carefully managed annual payout, typically between 3% and 5.5% of the five-year average market value per unit of endowment, to ensure long-term financial stability for the institution.

20. Moreover, absorbing the cost of a lower indirect cost rate, even if it were possible, would create long-term budget pressures on Washington University—which would in turn force reductions in key investments supporting the university's faculty, students, staff, research, and teaching infrastructure, as well as other critical activities needed to maintain its academic excellence.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on February 10, 2025 at St. Louis, Missouri.



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David J. Gray